

**CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION
INVESTMENT TECHNICAL ADVISORY
COMMITTEE MEETING APPROVED MINUTES**

**June 8, 2005
10:00 am**

**Jesse Unruh State Office Building
915 Capitol Mall, Room 587
Sacramento, California 95814**

OPEN SESSION

1) CALL TO ORDER AND ROLL CALL

Investment Technical Advisory Committee (TAC) Chair, Tony Garcia called the meeting to order at 10:12 am. TAC members present at the meeting included: Constantine Baranoff, Bill Blackwill, Lee Buffington, Ned Connolly, Raymond Day, Gay Eichhoff, Tony Garcia, Deborah Higgins, Nancy Jones, Carol Lew, Cherie Raffety, Craig Underwood, and Chris Winters. A quorum was present. CDIAC staff members present included: Executive Director Lisa M. Harris, Kristin Szakaly-Moore, Mark Campbell, Frank Moore, Doug Skarr, Nova Edwards, Pat Brubaker, Berma Williams, Tanya O'Neil, Jeff Field, and Gail Woodson. No members of the public were present.

2) APPROVAL OF MINUTES FROM SEPTEMBER 23, 2004 MEETING

Mr. Raymond Day moved that the minutes be approved. The motion was seconded by Mr. Constantine Baranoff, and the motion was passed (12-0).

3) INFORMATION ITEMS

a. Welcome

Mr. Tony Garcia welcomed Investment TAC members and introduced the newest Investment TAC committee member, Mr. Ned Connolly. Investment TAC members introduced themselves, as well as CDIAC staff.

Ms. Kristin Szakaly-Moore requested that TAC members review the TAC roster information and provide staff with updates.

b. Summary of California Society of Municipal Finance Officers California Government Finance Leaders Summit

Ms. Szakaly-Moore provided a brief summary of her attendance at the California Society of Municipal Finance Officers California Government Finance Leaders Summit on May 18, 2005. It was by invitation only and Ms. Szakaly-Moore attended in Ms. Harris' place. A large group of individuals from various local governments attended to discuss common goals and themes for developing better working relationships.

c. Update on Seminars and Conferences

Ms. Harris updated the TAC members on several seminars and conferences that have taken place since the September 23, 2004 Investment TAC meeting. Such programs included the *CDIAC at the California Society of Municipal Finance Officers Annual Conference* held in Burlingame, CA in February 2005, the *Investing Public Funds: Fundamentals of Managing Your Portfolio* held in Long Beach, CA in March 2005. In April 2005 –CDIAC held a conference on municipal disclosure issues entitled *The Keys to Good Disclosure: A Municipal Securities Disclosure Symposium* held in Los Angeles, CA. It also hosted an information table at the California Municipal Treasurer's Association *Annual Conference* held in San Diego, CA. In May 2005, CDIAC held two conferences, *Variable Rate Financing and Interest Rate Swaps for Municipal Finance Issuers* in Seaside, CA and the *4th Annual Tools to Revitalize California Communities Conference at the UCLA 2nd Annual Smart Growth Conference* in Los Angeles, CA.

Ms. Harris briefly described several upcoming seminars including CDIAC's *Fundamentals of Debt Financing* and CDIAC's *Pre-Conference Event at the 15th Annual Bond Buyer California Public Finance Conference*. Other proposed upcoming CDIAC seminars include *Advanced Portfolio Management Decision Making Workshop*, *Fundamentals of Land-Secured Financing Workshop*, and *the ABC's of School Debt Financing Seminar*.

d. Update on Research Projects

Ms. Szakaly-Moore gave a summary of recently completed projects, including the following:

CDIAC has recently released several new publications including the *California Public Fund Investment Primer*, *20 Questions for Municipal Interest Rate Swap Issuers*, *Annual Report 2003*, *Calendar and Summary of Public Debt Issuance for 2003*, and *Securities Lending Agreements Issue Brief*.

CDIAC is currently working on a companion guide to its *Investment Portfolio Reporting Practices Guide* entitled *Investment Policy Reporting Practices: An Informational Guide (Guide)*, Mr. Frank Moore reported on the development of the *Guide*. Mr. Moore updated the TAC members on the contents of the document which includes an extensive glossary, sections regarding other state reporting practices, city/county investment policies. Mr. Moore also sought assistance from the TAC members on development and advice for a California investment policy model to be included in the report. Ms. Szakaly-Moore asked for volunteers to review the document and make updating suggestions. Mr. Connolly, Ms. Nancy Jones, Mr. Day, and Mr. Baranoff volunteered to work as a review committee.

Other projects that CDIAC is currently working on include an update to its *California Debt Issuance Primer (Primer)*, a *Debt Primer Handbook*, which is a quick reference guidebook of key topics found in the *Primer*, and an issues brief on understand yield measurements, the pros and cons of various measures, and how they can influence the way the portfolio can be viewed. CDIAC staff also is working to develop a debt issuance data interface for interested parties to do independent queries of its data via the Internet.

e. Update on Industry Issues

Mr. Moore updated the TAC members regarding CDARS, a hybrid investment tool that is a registry of certificates of deposit that allows investors to exceed the allowable maximum FDIC insurance level for their investments. Mr. Moore looked to the TAC members for input regarding any information they understood about CDARS. There was a discussion about the pros and cons regarding CDARS.

Another subject Mr. Moore discussed with the TAC members was GASB 40 accounting standards. This standard requires local agencies to disclose certain types of risks involving their public fund investments. Mr. Moore asked TAC members whether GASB 40 applies to investment policy reporting. TAC members indicated they believe that it applies only to audited financial statements. There was discussion regarding new research topics for CDAIC.

4) SET DATE FOR NEXT MEETING OF THE TAC

Ms. Harris updated the TAC members that the TAC meetings could now be held twice a year. There was a discussion among the TAC members and it was agreed that the TAC meetings should occur in the spring and fall.

5) PUBLIC COMMENT

There was no public comment.

6) ADJOURNMENT

A motion was made by Deborah Higgins to adjourn the meeting, seconded by Carol Lew, and the meeting adjourned at 11:41 am.